



Klein Stands with Small Business Owners, Calls for Access to Credit at Committee Hearing

Washington, DC – Today, Congressman Ron Klein (FL-22) delivered an opening statement calling for banks receiving federal assistance to unfreeze access to credit for small businesses.

Klein delivered the statement at a hearing of the House Financial Services Committee's Subcommittee on Financial Institutions and Consumer Credit titled "TARP Oversight: Is TARP Working for Main Street?" He called for a quick restoration of the "flow of credit to businesses in South Florida."

As a member of the House Financial Services Committee, Klein has attended several [oversight hearings](#) to ensure that federal TARP funding to large banks is reaching the business owners who need it most.

Klein's full opening statement follows.

March 4, 2009

Testimony of Congressman Ron Klein (FL-22)

As Prepared for Delivery

**Hearing of the Subcommittee on Financial Institutions and Consumer Credit
"TARP Oversight: Is TARP Working for Main Street?"**

Thank you, Chairman Gutierrez, for holding this hearing. Last week, the Oversight and Investigations subcommittee held a hearing on TARP oversight, and this is an important follow-up to those proceedings. Many of the witnesses here today have discussed the need to improve lending to small businesses, and it is clear from today's testimony that the TARP program is (in large part) failing to unfreeze the credit markets and allow creditworthy businesses to access credit on reasonable terms.

I couldn't agree more with the recommendations to take concrete action to ensure that businesses can obtain the credit that is essential to the successful operations of their enterprises. Small businesses tend to lose jobs faster as the country enters a recession, but they also tend to recover faster than larger businesses from a recession. If we can find a way to provide substantial help to small businesses, it is more likely that we can recover from this recession in a more timely fashion.

For example, Uniweld Products in my district is a family-run manufacturing business that has been operating in Ft. Lauderdale since 1949. It is owned and operated by WWII veteran David S. Pearl and his sons, David and Douglas. Uniweld is an example of a local business fighting to stay afloat in these difficult economic times. The Pearl family employed 275 people in Ft. Lauderdale, but because of the recent credit squeeze and related market conditions, they have been forced to reduce their workforce to 190. We have to start using TARP funds or some other mechanism to ensure that businesses such as Mr. Pearl's can continue to operate.

Large banks such as Citigroup and Bank of America are important to the health of the American economy, and the uncontrolled failure of these institutions would have a significant negative impact on credit availability and the successful operation of the financial system. But, it is essential that taxpayers dollars are not spent propping up insolvent institutions. In his written testimony, Dr. Baker asserted that some of the large financial institutions are likely insolvent, and we need to closely examine the benefits of continued capital injections into these firms. However Congress decides to handle the solvency and liquidity issues of the large banks, we must ensure that TARP funds are spent in ways that will maximize the availability of credit.

Elizabeth Warren, who is the chair of the Congressional Oversight Panel, testified last week that, "If this [the TARP program] is about putting money into the hands of small businesses...then you make that part of the terms of taking the money, and if someone doesn't want to do that with the money then don't let them have the money. It's that straightforward." I think her comments are right on target, and I look forward to the testimony today so we can flush out the best solutions to restoring the flow of credit to businesses in South Florida and communities across the nation.

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